

United States District Court, Northern District of Illinois

Name of Assigned Judge or Magistrate Judge	John W. Darrah	Sitting Judge if Other than Assigned Judge	
CASE NUMBER	01 C 1697	DATE	7/3/2001
CASE TITLE	SCHNADIG CORPORATION vs. COLLEZIONE EUROPA U.S.A.		



[In the following box (a) indicate the party filing the motion, e.g., plaintiff, defendant, 3rd party plaintiff, and (b) state briefly the nature of the motion being presented.]

MOTION:

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DOCKET ENTRY:

(1)	<input type="checkbox"/>	Filed motion of [use listing in "Motion" box above.]
(2)	<input type="checkbox"/>	Brief in support of motion due _____.
(3)	<input type="checkbox"/>	Answer brief to motion due _____. Reply to answer brief due _____.
(4)	<input type="checkbox"/>	Ruling/Hearing on _____ set for _____ at _____.
(5)	<input type="checkbox"/>	Status hearing[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
(6)	<input type="checkbox"/>	Pretrial conference[held/continued to] [set for/re-set for] on _____ set for _____ at _____.
(7)	<input type="checkbox"/>	Trial[set for/re-set for] on _____ at _____.
(8)	<input type="checkbox"/>	[Bench/Jury trial] [Hearing] held/continued to _____ at _____.
(9)	<input type="checkbox"/>	This case is dismissed [with/without] prejudice and without costs[by/agreement/pursuant to] <input type="checkbox"/> FRCP4(m) <input type="checkbox"/> General Rule 21 <input type="checkbox"/> FRCP41(a)(1) <input type="checkbox"/> FRCP41(a)(2).
(10)	<input checked="" type="checkbox"/>	[Other docket entry] Enter Memorandum Opinion And Order. Collezione's motion to dismiss or transfer is denied, and Collezione's motion to stay is granted.
(11)	<input checked="" type="checkbox"/>	[For further detail see order (on reverse side of/attached to) the original minute order.]

<input type="checkbox"/> No notices required, advised in open court. <input type="checkbox"/> No notices required. <input type="checkbox"/> Notices mailed by judge's staff. <input type="checkbox"/> Notified counsel by telephone. <input checked="" type="checkbox"/> Docketing to mail notices. <input type="checkbox"/> Mail AO 450 form. <input type="checkbox"/> Copy to judge/magistrate judge.	LG courtroom deputy's initials	 ED-7 FILED FOR DOCKETING 01 JUL -3 PM 5:19	number of notices JUL 05 2001 date docketed  docketing deputy initials date mailed notice mailing deputy initials	Document Number 19
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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

DOCKETED

JUL 05 2001

SCHNADIG CORPORATION,

Plaintiff,

v.

COLLEZIONE EUROPA U.S.A.,

Defendant.

No. 01 C 1697

Judge John W. Darrah

MEMORANDUM OPINION AND ORDER

Plaintiff, Schnadig Corporation (Schnadig), filed a complaint against defendant, Collezione Europa (Collezione), alleging patent infringement. Before the Court is defendant's Motion to Dismiss, Transfer, or Stay the Proceedings.

On March 2, 2001, Collezione filed a complaint for declaratory action in the United States Court for the Middle District of North Carolina against Schnadig. Collezione seeks a declaration of non-infringement, invalidity, and unenforceability of United States Design Patent Nos. 422,811 (Patent 811) and 424,839 (Patent 839). On March 9, 2001, Schnadig filed suit against Collezione in this District, alleging patent infringement of Patent 839. On May 2, 2001, Schnadig amended its complaint, adding an allegation of infringement of Patent 811. Presently pending before the North Carolina court is Schnadig's Motion to Dismiss or Transfer and before this Court, Collezione's Motion to Dismiss, Transfer, or Stay the Proceedings.

Collezione argues that this suit should be dismissed to conserve judicial resources since the North Carolina action was filed first. Schnadig does not dispute that the North Carolina action was filed first or that the two cases involve a dispute over the same two patents. Schnadig argues that

the North Carolina court does not have subject matter jurisdiction over Patent 811; therefore, the suit in this Court should proceed because it is the only court with subject matter jurisdiction over both patents. Schnadig's motion to dismiss or transfer the North Carolina suit is presently pending in the North Carolina court.¹

A federal court has a great deal of latitude and discretion to dismiss a suit for reasons of wise judicial administration. *Tripple Mfg. Co. v. American Power Conversion Corp.*, 46 F.3d 624, 629 (7th Cir. 1995). Generally, when mirror-image suits are filed in two federal districts, the first case takes priority. "[W]here a declaratory judgment action and a mirror image patent infringement suit are filed, the general rule is that the forum of the first-filed suit is favored, regardless of whether it is the declaratory judgment action." *Solo Cup Co. v. Fort James Corp.*, 1999 WL 1140885 (N.D.Ill. Nov. 29, 1999) citing *Genentech, Inc. v. Eli Lilly & Co.*, 998 F.2d 931, 937-38 (Fed. Cir. 1993). However, if jurisdiction cannot be obtained over a party or a claim, favoring the first-filed suit may not be appropriate. *See Colborne v. MC Retail Foods*, 1995 WL 470226 (N.D.Ill. Aug. 7, 1995) (*Colborne*).

Without the North Carolina court's ruling on the pending motion to dismiss or transfer, this Court is unable to determine if the first-to-file rule should be followed or if Schnadig has presented a compelling circumstance to allow this action to proceed. Accordingly, Collezione's Motion to Dismiss or Transfer is denied as premature. *See Colborne*, 1995 WL 470226 at * 1 (denying motion to dismiss because the jurisdiction of the court of the first-filed suit was in question).

¹The parties' briefs do not indicate the basis of Schnadig's motion before the North Carolina court. In its response to this motion, Schnadig argues at length that the North Carolina court does not have subject matter jurisdiction over Patent 811. Presumptively, this is the same basis of Schnadig's motion to dismiss before the North Carolina court.

In the alternative, Collezione seeks to stay the present case pending the disposition of the North Carolina action. The court "has broad discretion to stay proceedings as an incident to its power to control its own docket." *Clinton v. Jones*, 520 U.S. 681, 706 (1997) (citation omitted).

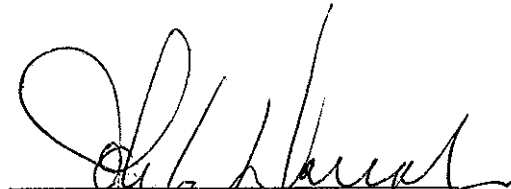
Schnadig argues that there is no justification to stay this action because the facts clearly establish that the North Carolina court does not have subject matter jurisdiction over Patent 811. However, that is a determination to be made by the North Carolina court, not this Court.

The reasonable course in the present case is to stay the action until the North Carolina court decides the jurisdiction and transfer matters before it. If the North Carolina court grants the motion and dismisses or transfers that case, then this Court will lift the stay, and this action will proceed. If the North Carolina court denies the motion to dismiss or transfer, then this Court can consider whether the present case should be dismissed. *See Colborne*, 1995 WL 470226 at * 1 (finding that staying the second-filed suit appropriate when a motion to dismiss for lack of jurisdiction was pending in the first-filed action).

For the reasons stated above, Collezione's Motion to Dismiss or Transfer is denied, and Collezione's Motion to Stay is granted. The parties are instructed to submit the North Carolina court's ruling on the presently pending motion to dismiss or transfer to this Court as soon as it is issued.

Dated:

July 3, 2001


JOHN W. DARRAH
United States District Judge